

AFTER *ECHOSTAR*: SCOPE OF WAIVER UNDER THE “ADVICE OF COUNSEL”
DEFENSE TO WILLFUL INFRINGEMENT

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INTRODUCTION

The Federal Circuit’s decision in *In re Echostar Communications*¹ prompted a new wave of discovery disputes in patent cases, with more than a few district court opinions addressing the resulting scope of waiver issues. In patent cases, waiver can arise where the patentee asserts willful infringement, and the accused infringer attempts to refute the willfulness assertion by showing that it reasonably relied on an attorney’s legal opinion stating that it would probably not be held liable by a court. By putting its attorney’s opinion at issue in the case, the accused infringer waives privilege as to that opinion. How far the waiver extends beyond the relied-upon opinion, however, presents difficult problems for the district court judge. Even before *Echostar*, courts had long wrestled with scope of waiver issues in patent cases.

Echostar clearly addressed one scope of waiver issue that had been the cause of much disagreement among district courts: whether (and how much) waiver applies to work product that was not communicated to the client but addresses the same subject matter as the relied-upon opinion. Two more district court splits developed soon after the opinion, however. One focuses on the meaning of “same subject matter,” and whether it includes materials that pertain to patent infringement defenses other than the defenses discussed in the relied-upon opinions. The other, larger split focuses on whether waiver extends only to opinion counsel, or also to trial counsel.

¹ 448 F.3d 1294 (Fed. Cir. 2006).

This article analyzes the Federal Circuit’s *Echostar* opinion and the reaction of the district courts, and reexamines two scope of waiver issues in light of that decision. Part I discusses the legal doctrines at play in *Echostar*, then takes a brief look at the district court split that the Federal Circuit resolved in that opinion. Part II explains the facts of the *Echostar* case in detail, and sets forth the Federal Circuit’s holdings and reasoning. Part III recounts the post-*Echostar* district court decisions regarding scope of waiver under the advice of counsel defense. Finally, Part IV examines the limitations of the Federal Circuit’s guidance in the *Echostar* opinion, and then proceeds to suggest *Echostar*-friendly approaches that may aid judges confronted with the scope of waiver issues currently dividing the district courts.

I. BACKGROUND

A full appreciation of the problems addressed by the Federal Circuit in *Echostar* requires an understanding of both the relevant substantive patent law doctrines (willful infringement and the “advice of counsel” defense) and the underlying procedural matters (attorney-client privilege and work product protection). A brief history of the split that developed among district courts—a split which motivated the Federal Circuit to provide additional guidance—is also included in order to facilitate a better understanding of the *Echostar* opinion.

A. *Willful Infringement and the “Advice of Counsel” Defense*

35 U.S.C. § 284 grants the court the discretion to enhance monetary damages up to three times the amount that would compensate the patentee for its injury.² While the statute does not address the circumstances that make enhanced damages appropriate, the

² See 35 U.S.C. § 284 (stating that whether damages are found by a jury or assessed by the court, “the court may increase the damages up to three times the amount found or assessed”).

Federal Circuit has stated that “[t]he paramount determination in deciding to grant enhancement and the amount thereof is the egregiousness of the defendant’s conduct based on all the facts and circumstances.”³ Within this “totality of the circumstances” type of inquiry, one factor to be considered is “whether the infringer, when he knew of the other’s patent protection, investigated the scope of the patent and formed a good-faith belief that it was invalid or that it was not infringed.”⁴ By focusing on the infringer’s state of mind, this factor essentially determines whether infringement was “willful.”⁵ While a finding of willfulness does not require that damages be enhanced, such a finding often turns out to be dispositive.⁶

Stated differently, a party with actual notice of another’s patent rights “has an affirmative duty to exercise due care to determine whether or not [it] is infringing.”⁷ This duty “normally entails obtaining advice of legal counsel[,]” although the failure to do so “does not mandate a finding of willfulness.”⁸ In practice, parties faced with willful infringement allegations very often assert good faith reliance on the advice of their patent

³ *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 826 (Fed. Cir. 1992), *abrogated on other grounds by* *Markman v. Westview Instruments, Inc.*, 52 F.3d 967 (Fed. Cir. 1995) (en banc).

⁴ *Id.* at 827. Other factors include:

- (1) whether the infringer deliberately copied the ideas or design of another;
- . . .
- (3) [the infringer’s] behavior as a party to the litigation;
- (4) [the] infringer’s size and financial condition; . . .
- (5) [the] closeness of the case; . . .
- (6) [the] duration of the defendant’s misconduct; . . .
- (7) remedial action taken by the defendant; . . .
- (8) [the] defendant’s motivation for harm; [and]
- (9) Whether [the] defendant attempted to conceal its misconduct.

Id. at 826–27.

⁵ *Id.* at 828. While the accused infringer’s intent is relevant to the willfulness issue, however, it is completely irrelevant to the question of whether there was infringement; patent infringement is a strict liability tort.

⁶ See JANICE M. MUELLER, AN INTRODUCTION TO PATENT LAW 331 (Aspen Publishers 2003) (“In many cases . . . district courts will base their decision to award or deny enhanced damages on [a finding of willfulness].”)

⁷ *Underwater Devices, Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380, 1389 (Fed. Cir. 1983).

⁸ *Read Corp.* at 828.

counsel. An alleged infringer making such an assertion is commonly said to have raised the “advice of counsel” defense to willful infringement.⁹

The real-world scenario in which events unfold is typically straightforward. A party making, selling, importing, etc., a certain product receives a communication from the patentee, stating that the patentee believes the product is covered by one or more of the patentee’s patent claims. Accompanying such notice will likely be a request or demand to stop the infringing activity, and perhaps an offer to negotiate a license. Having received this notice, the accused infringer—trying to determine the best course of action going forward (and possibly already anticipating the need for an advice of counsel defense)—will seek one or more opinions from one or more patent attorneys. The opinions will typically discuss whether the accused party likely infringes the asserted patent claims,¹⁰ whether the asserted patent claims are valid,¹¹ and/or whether the asserted patent claims are enforceable.¹² Other defenses (equitable estoppel, laches, etc.) may also be addressed in such opinions. Should litigation ensue, a finding of willful infringement might be avoided if the opinions were favorable to the accused infringer with respect to one or more defenses.¹³

⁹ Note that, although it is commonly labeled a “defense,” good faith reliance on advice of counsel technically only serves to negate a willfulness finding—which in turn is only a factor to be considered in the enhanced damages inquiry.

¹⁰ A device does not infringe a patent claim unless it contains each and every limitation in the patent claim, or its equivalent. *See* MUELLER, *supra* note 6, at 237–44.

¹¹ A patent claim is invalid if it fails to meet any of the statutory requirements for patentability. 35 U.S.C. § 282. Common grounds for invalidity include anticipation or obviousness in light of prior art references, as determined under 35 U.S.C. §§ 102 and 103, and failure to meet the disclosure requirements of 35 U.S.C. § 112. *See* MUELLER, *supra* note 6, at 297–98. All patents granted by the United States Patent & Trademark Office enjoy a presumption of validity. 35 U.S.C. § 282.

¹² A patent claim is unenforceable if the patentee engaged in improper conduct during patent prosecution (“inequitable conduct”) or attempted to improperly expand the scope of its patent (“patent misuse”). *See* MUELLER, *supra* note 6, at 282–95.

¹³ Note that the opinion(s) need only conclude that the accused infringer can successfully raise *one* of the listed defenses, because noninfringement, invalidity, and unenforceability are independently sufficient to avoid liability. E.g., even if a patent attorney’s opinion states that the client is likely infringing the patent

In determining whether a party reasonably relied on the advice of counsel, a court must focus on the infringing party's intent.¹⁴ In itself, therefore, the legal correctness of the conclusions reached by patent counsel in the opinion is not relevant to the willfulness inquiry.¹⁵ However, the objectively apparent thoroughness of the opinion *is* relevant, as one may infer that reliance on an obviously deficient legal opinion was not reasonable or in good faith.¹⁶

In many instances, the advice of counsel defense provides the most (and perhaps the only) effective means for an infringing party to prevent the potentially ruinous consequences of a willful infringement finding and enhanced damages. However, the defense comes with a heavy price: partial waiver of both attorney-client privilege and work product protection.

B. Attorney-Client Privilege and Work Product Protection

Although they can overlap in application, attorney-client privilege and work product protection “are two distinct concepts and waiver of one does not necessarily waive the other.”¹⁷ The two doctrines serve different functions, each of which aims to preserve fairness for litigants.

1. Attorney-Client Privilege

Federal Rule of Civil Procedure 26(b)(1) limits discovery to “any matter, *not privileged*, that is relevant to the claim or defense of any party . . .”¹⁸ The oldest of these

claims at issue, and that a court is likely to uphold the validity of those claims, willful infringement and enhanced damages can be avoided if the client reasonably relied on that attorney's—or a different attorney's—opinion concluding that the patent is likely unenforceable.

¹⁴ *Ortho Pharm. Corp. v. Smith*, 959 F.2d 936, 944 (Fed. Cir. 1992).

¹⁵ *Id.*

¹⁶ *See id.* (“[C]ounsel's opinion must be thorough enough, as combined with other factors, to instill a belief in the infringer that a court might reasonably hold the patent is invalid, not infringed, or unenforceable.”).

¹⁷ *In re Echostar Comms. Corp.*, 448 F.3d 1294, 1300 (Fed. Cir. 2006).

¹⁸ Fed. R. Civ. P. 26(b)(1) (emphasis added).

protected privileges is the attorney-client privilege, which protects against disclosure of attorney-client communications in order “to encourage full and frank communication between attorneys and their clients and thereby promote broader public interests in the observance of law and administration of justice.”¹⁹ Only where the attorney is fully informed by the client can the advocacy-based legal system function as intended.²⁰ Of course, the privilege has limits: it cannot protect against “disclosure of the underlying facts by those who communicated with the attorney[,]”²¹ and, more relevant here, it is subject to waiver.

2. Work Product Protection

Federal Rule of Civil Procedure 26(b)(3) provides protection for “documents and tangible things otherwise discoverable . . . and prepared in anticipation of litigation or for trial” by the opposing party or the opposing party’s agent (e.g., the opposing party’s attorneys).²² This “work product” of the opposing party is only discoverable “upon a showing that the party seeking discovery has substantial need of the materials in the preparation of the party’s case and that the party is unable without undue hardship to obtain the substantial equivalent of the materials by other means.”²³ Even if “substantial need” and “undue hardship” are shown, a “court shall protect against disclosure of the mental impressions, conclusions, opinions, or legal theories of an attorney or other representative of a party concerning the litigation.”²⁴

¹⁹ *Upjohn Co. v. United States*, 449 U.S. 383, 389 (1981).

²⁰ *Id.*

²¹ *Id.* at 395.

²² Fed. R. Civ. P. 26(b)(3).

²³ *Id.*

²⁴ *Id.*

Protection of attorney work product serves to prevent “[i]nefficiency, unfairness and sharp practices” that “would inevitably develop in the giving of legal advice and in the preparation of cases for trial.”²⁵ Without the protection, “inefficiency” might result as attorneys try to avoid putting their thoughts in writing,²⁶ while “unfairness and sharp practices” might result as attorneys pry into opposing counsel’s investigative efforts and litigation strategies, thereby taking advantage of “wits borrowed from the adversary.”²⁷ Nonetheless, work product protection is not absolute, and like attorney-client privilege it can be waived.²⁸

C. Scope of Waiver Under the “Advice of Counsel” Defense

Attorney-client privilege and work product protection can both be waived in various ways. One ground for waiver—and that which is most relevant here—arises when a party puts otherwise protected information at issue. Clearly, asserting reasonable reliance on an opinion of counsel puts the relied-upon opinion directly at issue in the litigation. Ordinarily, of course, an opinion letter from counsel would be protected both by work product protection, because it contains the “conclusions, opinions, or legal theories” of the attorney, and by attorney-client privilege, because it contains information communicated to the client.

While waiver in such a situation is well established, difficult questions arise when the outer bounds of the waiver (whether of attorney-client privilege or work product protection) are tested in discovery disputes. Despite some scattered guidance set forth by

²⁵ *FTC v. Grolier, Inc.*, 462 U.S. 19, 24 (1983) (quoting *Hickman v. Taylor*, 329 U.S. 495, 511 (1947)).

²⁶ *Id.* (quoting *Hickman v. Taylor*, 329 U.S. 495, 511 (1947)).

²⁷ *Hickman v. Taylor*, 329 U.S. 495, 516 (1947) (J. Jackson, concurring).

²⁸ *United States v. Nobles*, 422 U.S. 225, 239 (1975).

the Federal Circuit over the last twenty five years,²⁹ district courts have struggled to address these scope of waiver issues.

1. Scope of Attorney-Client Privilege Waiver

Generally, any waiver of attorney-client privilege “applies to all other communications relating to the same subject matter.”³⁰ In determining what constitutes the “same subject matter,” courts must “weigh the circumstances of the disclosure, the nature of the legal advice sought and the prejudice to the parties of permitting or prohibiting further disclosures.”³¹ “The waiver extends beyond the document initially produced out of concern for fairness, so that a party is prevented from disclosing communications that support its position while simultaneously concealing communications that do not.”³²

When raising the advice of counsel defense to willful infringement, then, a party waives the attorney-client privilege as to any relied-upon opinions, as well as to all other communications between attorney and client relating to the subject matter discussed in those opinions. In some situations, it is clear that materials relate to the same subject matter. For example, if a party asserts reliance on an opinion of patent invalidity, it waives privilege and work product protection not only for that particular opinion, but also for any other communications (formal opinions or otherwise) received from the same or other patent attorneys concerning the likelihood of invalidity. The fairness concerns

²⁹ The Federal Circuit has identified scope of waiver under the advice of counsel defense as an area of law subject to its exclusive appellate jurisdiction. *See In re Echostar Comm. Corp.*, 448 F.3d 1294, 1298 (Fed. Cir. 2006). Generally, “Federal Circuit law applies when deciding whether particular written or other materials are discoverable in a patent case, if those materials relate to an issue of substantive patent law.” *Advanced Cardiovascular Sys., Inc. v. Medtronic, Inc.*, 265 F.3d 1294, 1307 (Fed. Cir. 2001).

³⁰ *Fort James Corp. v. Solo Cup Co.*, 412 F.3d 1340, 1349 (Fed. Cir. 2005).

³¹ *Id.* at 1349–50.

³² *Id.* at 1349. This sort of maneuvering is sometimes referred to as “sword and shield” litigation tactics. *See Echostar*, 448 F.3d at 1301.

underlying the attempt to circumvent “sword and shield” litigation tactics would be severely undercut if it were otherwise—if, for example, a party could simply continue soliciting opinions until it found one that was favorable to its side, without ever having to disclose the unfavorable opinions, or if a party could assert reliance on an attorney’s opinion without having to reveal conversations with the attorney wherein the party learned information that would make continued reliance on the opinion unreasonable.

In other situations, however, scope of waiver for the attorney-client privilege is not so intuitively clear. Does the party raising the advice of counsel defense waive privilege as to communications with patent counsel even *after* litigation begins? If so, does the party waive privilege as to communications with trial counsel?³³ Issues also arise that are closely related to the question of defining “same subject matter”: does the party waive communications with counsel regarding patent infringement defenses other than those addressed in the relied-upon opinion? For example, if the party only purports to have relied on an opinion regarding non-infringement, must it disclose opinions it received regarding invalidity or unenforceability? Many of these issues have vexed district courts on a fairly regular basis.

2. Scope of Work Product Protection Waiver

Waiver of work product protection is not as broad as waiver of attorney-client privilege. In addition to the “same subject matter” requirement, work product waiver generally only extends to “factual” or “non-opinion” material.³⁴ However, this definition itself poses a problem where the advice of counsel defense is raised; having asserted the

³³ Although this scope of waiver issue more accurately concerns whether waiver applies to “litigation counsel” (i.e., counsel throughout the course of litigation, not just trial), the term “trial counsel” is most commonly used in the reported opinions, and therefore is adopted here.

³⁴ *Echostar*, 448 F.3d at 1302.

defense, the relied-upon “opinion” (normally not discoverable) of the attorney also takes on a “factual” (normally discoverable) nature in the case.³⁵

Not surprisingly, then, work product scope of waiver issues have proven to be especially problematic. Some of the identical “same subject matter” issues discussed above in regards to attorney-client privilege also arise in work product discovery disputes. However, courts have also had to wrestle with the additional safeguards that the Federal Rules mandate for the “mental impressions, conclusions, opinions, or legal theories of an attorney.” The history of district court resolutions of these issues illustrates the tenacity of the problem.

3. Pre-*Echostar* Split

Prior to *Echostar*, the major area of disagreement among district courts reflected a concern with what extra level of protection should be afforded to work product, above and beyond the protections afforded by the attorney-client privilege. At issue was whether waiver under the advice of counsel defense should extend only to information that was communicated to the client, or should instead extend to some attorney materials that were never communicated to the client.

One line of cases adopted a narrow waiver view, holding that work product protection is only waived with respect to materials that were communicated to the client.³⁶ Emblematic of this approach was the District of Delaware’s decision in *Thorn EMI v. Micron*, where the court refused to order the accused infringer to produce “all documents reviewed by or prepared for counsel which relate to the opinions, including all

³⁵ See *id.* (“We recognize that the line between ‘factual’ work product and ‘opinion’ work product is not always distinct, especially when, as here, an attorney’s opinion may itself be ‘factual’ work product.”).

³⁶ See, e.g., *Steelcase Inc. v. Haworth*, 954 F.Supp. 1195 (W.D. Mich. 1997); *Thorn EMI v. Micron Tech.*, 837 F.Supp. 616 (D. Del. 1993).

documents collected, reviewed, analyzed and considered with respect to the opinions, and all documents that evidence mental impressions of the attorneys preparing the opinions, such as internal memoranda and drafts of the opinions.”³⁷ In *Thorn*, the court based its narrow waiver holding on a relatively narrow view of the relevance theory; i.e., because “[t]he facts of consequence to the determination of a claim of willful infringement relate to the infringer’s state of mind[,]” and “[c]ounsel’s mental impressions, conclusions, opinions or legal theories are not probative of that state of mind unless they have been communicated to that client.”³⁸

Another line of cases opted for a much broader view of waiver, holding that work product protection is waived regardless of whether the materials have been communicated to the client, so long as it relates to the same subject matter.³⁹ An early advocate of this approach was the Northern District of California in *Mushroom Associates v. Monterey Mushrooms*, where the court ordered the accused infringer to produce work product of counsel relating to the issue of infringement,⁴⁰ regardless of whether that work product had been communicated to the client.⁴¹ After invoking the “fairness principles” aimed at circumventing sword and shield litigation tactics, the court explained that Rule 26(b)(3)’s “heightened standard” is met “[i]n most instances where the advice of counsel is an issue”:

A substantial need exists for the work product so that the discovering party can adequately address the advice of counsel defense. Also, the discovering party cannot obtain substantially equivalent materials because the specific work product is directly at issue. For

³⁷ 837 F.Supp. 616, 619 (D. Del. 1993).

³⁸ *Id.* at 622.

³⁹ See, e.g., *KW Muth v. Bing-Lear Mfg. Group*, 219 F.R.D. 554 (E.D. Mich. 2003); *Novartis Pharm. v. Eon Labs Mfg.*, 206 F.R.D. 396 (D. Del. 2002); *Mushroom Assocs. v. Monterey Mushrooms*, 24 U.S.P.Q.2d (BNA) 1767 (N.D. Cal. 1992).

⁴⁰ The relied-upon opinion had only addressed the issue of infringement.

⁴¹ 24 U.S.P.Q.2d (BNA) 1767 (N.D. Cal. 1992).

instance, although the discovering party could obtain its own test results concerning a patent, the tests results known to counsel at the time advice is given are what is [sic] relevant when a party asserts the advice of counsel defense. Consequently, it is difficult to imagine the circumstances where the standard for discovering the vast majority of work product will not be met in an advice of counsel case.

. . . Also, the plaintiff's need for this information is compelling. The only way plaintiff can attack the defendant's advice of counsel defense is by having access to circumstances and factors surrounding the advice. Discovery of mental impression work product may be the only way to have access to the circumstances and factors surrounding the advice.⁴²

With this reasoning, the court in *Mushroom Associates* appears to have adopted a much broader relevance theory than did the court in *Thorn*. The Central District of California elaborated on the relevance aspect of the issue in *Dunhall Pharmaceuticals v. Discus Dental*:

While negative evidence contained in an attorney's files may not ultimately reflect upon the client's state of mind, and will therefore not be admissible as evidence of willfulness, that evidence could very well lead to the discovery of relevant and admissible evidence of the client's state of mind that might not otherwise come to light. If the attorney's files contain evidence contradicting or questioning the opinion relied on by the client, the plaintiff has a right to know about such evidence in order to fully question defendants and their counsel regarding that evidence, disclosure to the client, and other related issues.

Additionally, focusing solely on whether evidence was clearly communicated by the attorney to the client can obscure the fact that evidence which does not facially reflect communication to the client may nonetheless be relevant to showing the client's state of mind. This is so simply because negative evidence contained in the attorney's files raises the reasonable circumstantial inference that the client was somehow appraised of the negative opinions.⁴³

The *Dunhall* court also pointed out a practical problem with narrow waiver views:

[M]aking a distinction based only on whether something was communicated creates a potential difficulty in classifying evidence. Evidence in an attorney's file is not always going to clearly reflect whether

⁴² *Id.*

⁴³ 994 F.Supp. 1202, 1205 (C.D. Cal. 1998).

its contents were communicated to the client. For example, an attorney's personal notes showing negative opinions would not be classified as a communication, but may well reflect discussions that the attorney had with the client.⁴⁴

Thus, a broad waiver view to some extent removes attorneys from the role of “gatekeeper” in the discovery process, where one might suspect considerable bias in their decision of what materials to produce or withhold.⁴⁵

The District of Delaware stated an additional rationale for the broad waiver view in *Novartis Pharmaceuticals v. Eon Labs Manufacturing*.⁴⁶ In *Novartis*, the court expressed concern over sharp practices among litigants and their attorneys, and saw a broad waiver view—rather than a narrow relevance view focusing on what is highly probative of the infringer’s intent—as an appropriate way to avoid such behavior:

[B]y focusing on the waiver as the gateway for permissible discovery, the [advice of counsel] defense will most likely only be invoked by infringers who prudently and sincerely sought competent advice from competent counsel. Moreover, focusing on the infringer's waiver rather than state of mind may reduce the chances of legal gamesmanship creeping into the practice of rendering infringement and validity opinions.⁴⁷

The “legal gamesmanship” feared by the court likely referred to collusive arrangements in which patent attorneys, fully aware of the limited scope of waiver under the advice of counsel defense, would only communicate written information to the client if it was favorable to the client’s position and would help establish an advice of counsel defense in the event of litigation. Any materials from which a negative inference could be raised would be withheld, lest the fact finder use it to find that the infringement was willful.⁴⁸

⁴⁴ *Id.*

⁴⁵ *See id.*

⁴⁶ 206 F.R.D. 396 (D. Del. 2002).

⁴⁷ *Id.* at 399.

⁴⁸ Supporters of the narrow waiver view, of course, might suggest that this rationale is based on an overdose of skepticism. *See, e.g.,* *KW Muth Co. v. Bing-Lear Mfg. Group*, 219 F.R.D. 554, 576–77 (D. Mich. 2003) (“[C]ourts should not ignore the other factors that the honest and competent members of the

Despite a few courts' endorsement of middle-ground approaches,⁴⁹ most courts having occasion to rule on the matter (and there were many)⁵⁰ adopted one of the two relatively extreme views on scope of waiver discussed above. And while district courts also split on other issues relating to scope of waiver under the advice of counsel defense,⁵¹ none of the other issues arose with such frequency. Finally, in 2006, the Federal Circuit stepped into the fray.

II. GUIDANCE FROM THE FEDERAL CIRCUIT: *IN RE ECHOSTAR*

On September 26, 2005, Judge David Folsom of the Eastern District of Texas ordered Echostar Communications “to produce all notes, communications, or other documentation relating to the infringement analysis” performed by outside counsel prior to the onset of litigation, regardless of whether those materials had actually been communicated to Echostar.⁵² After Echostar filed a petition for a writ of mandamus, the Federal Circuit considered whether to vacate the district court’s orders.⁵³ In doing so, it attempted to provide some clear guidance relating to the issue that had divided district courts across the country for so long.

A. *Facts and Procedural Background of the Case*

patent bar—hopefully the overwhelming majority—will have as an incentive to provide a thorough and balanced opinion letter.”).

⁴⁹ *See, e.g., id.* at 576 (stating that non-communicated work product can sometimes be relevant despite its enhanced protections, and suggesting that “courts should require some additional showing—a ‘plus factor’ before adopting the broadest reaches of waiver of work product”).

⁵⁰ *See supra* notes 36 and 39.

⁵¹ Pre-*Echostar* district court cases also addressed issues such as whether waiver extends to infringement defenses other than the defense discussed in the relied-upon opinion, whether waiver extends past the beginning of litigation, and whether waiver extends to trial counsel. As explained *infra*, the uncertainty of many of these issues survived *Echostar*.

⁵² *TIVO Inc. v. Echostar Comm. Corp.*, 2005 U.S. Dist. LEXIS 42481, at *25 (E.D. Tex. Sep. 26, 2005).

⁵³ *In re Echostar Comm. Corp.*, 448 F.3d 1294 (Fed. Cir. 2006).

In *Echostar*, the in-house counsel of the accused infringer (Echostar) had advised that Echostar's products did not infringe claims of TiVo's patent.⁵⁴ After TiVo sued Echostar and alleged willful infringement, Echostar sought and received additional advice from outside patent counsel, Merchant & Gould.⁵⁵ Because Echostar alleged reliance on the advice of counsel, TiVo broadly requested documents relating to the advice given by Merchant & Gould.⁵⁶ Echostar produced two opinions it had received from Merchant & Gould on the issue of infringement, but refused to produce any work product that had not been communicated to the client.⁵⁷

As noted above, the district court ordered Echostar to produce the work product of Merchant & Gould, regardless of whether it had been communicated to Echostar.⁵⁸ The judge was persuaded by the rationales laid out by courts that had adopted the broad waiver view, particularly the rationales reflecting a broad relevance theory⁵⁹ and the rationales reflecting a concern with "legal gamesmanship."⁶⁰ The judge also refused to allow Echostar to evade production of materials on the basis that Merchant & Gould's opinion was not requested until after litigation began.⁶¹ Echostar filed a petition for a writ

⁵⁴ *Id.* at 1297.

⁵⁵ *Id.*

⁵⁶ *Id.*

⁵⁷ *Id.*

⁵⁸ *Id.* The judge did, however, permit Echostar to redact any information "solely related to [trial] strategy." See *TIVO*, at **24–25 (E.D. Tex. Sep. 26, 2005).

⁵⁹ See *id.* at *21 ("[I]f negative information was important enough to reduce to a memorandum, there is a reasonable possibility that the information was conveyed in some form or fashion to the client." (quoting *Beneficial Franchise v. Bank One N.A.*, 205 F.R.D. 212, 218 (N.D. Ill. 2001))).

⁶⁰ See *TIVO*, 2005 U.S. Dist. LEXIS 42481, at *20–21 ("[B]y imposing broad waiver, the advice of counsel defense will only be invoked by 'infringers who prudently and sincerely sought competent advice from competent counsel . . .' and '[m]oreover, focusing on the infringer's waiver rather than state of mind may reduce the chances of legal gamesmanship creeping into the practice of rendering infringement and validity opinions.'" (quoting *Novartis Pharms. Corp. v. EON Labs Mfg. Inc.*, 206 F.R.D. 396, 399 (D. Del. 2002))).

⁶¹ See *TIVO*, 2005 U.S. Dist. LEXIS 42481, at *24 ("The Court notes that EchoStar is under a continuing duty to act in good faith, and this duty extends to actions after the filing of the lawsuit. TiVo is thus entitled to determine EchoStar's state of mind with regard to its post-filing actions as well as its pre-filing actions, and the latter opinions of counsel may go directly to this issue. To here deny TiVo the opportunity to

of mandamus, seeking to avoid such extensive production of its outside counsel's files. Under the abuse of discretion standard, the Federal Circuit reviewed the district court's order.

B. The Federal Circuit's Analysis

Finding an abuse of discretion in the lower court's broad discovery order, Judges Schall, Gajarsa, and Prost upheld the order in part and vacated it in part.⁶² The court began by enumerating three distinct categories of attorney work product:

(1) documents that embody a communication between the attorney and client concerning the subject matter of the case, such as a traditional opinion letter; (2) documents analyzing the law, facts, trial strategy, and so forth that reflect the attorney's mental impressions but were not given to the client; and (3) documents that discuss a communication between attorney and client concerning the subject matter of the case but are not themselves communications to or from the client.⁶³

The court quickly disposed of any lingering doubt as to the discoverability of materials in the first category, unequivocally stating that "when a party relies on the advice-of-counsel as a defense to willful infringement the party waives its attorney-client privilege for all communications between the attorney and client, including any documentary communications such as opinion letters and memoranda."⁶⁴ As to the more

question [opinion counsel] regarding post-filing opinions and how they affect or might have affected the conclusions he reached pre-filing would be unfair.").

⁶² In re Echostar Comm. Corp., 448 F.3d 1294 (Fed. Cir. 2006).

⁶³ *Id.* at 1302. However, the court did state that it "by no means anticipate[s] that all work product in every case will fit into one of these three categories." *Echostar*, 448 F.3d at 1303 n.3.

⁶⁴ *Id.* This issue had never been a source of contention among district courts; all had generally agreed that privilege of attorney-client communications (as to the same subject matter) is waived when raising the advice of counsel defense. In a corresponding footnote, however, the Federal Circuit also clarified that discovery *can* extend past the time when the lawsuit is filed. Citing *Akeva L.L.C. v. Mizuno Corp.*, 243 F.Supp.2d 418 (M.D.N.C. 2003), the *Echostar* court stated that discovery of "advice and work product given after litigation began" may be allowed "when the advice [of counsel] is relevant to ongoing willful infringement, so long as that ongoing infringement is at issue in the litigation." *Echostar*, 448 F.3d at 1302 n.4.

controversial second and third categories, the court then stated its conclusion that “waiver extends to the third category but does not extend so far as the second.”⁶⁵

The court proceeded to justify that conclusion. First, the court cautioned against an overly broad waiver view, stating that “[b]y asserting the advice-of-counsel defense to a charge of willful infringement, the accused infringer and his or her attorney do not give their opponent unfettered discretion to rummage through all of their files and pillage all of their litigation strategies.”⁶⁶ Next, the court reiterated the primary concern that had motivated proponents of the narrow waiver view: that it is the infringer’s *intent* that is relevant to the willfulness determination.⁶⁷ While the court recognized that non-communicated work product could *possibly* have some probative value, that slight probability “is outweighed by the policies supporting the work-product doctrine.”⁶⁸

On the other hand, the court also reiterated the primary concern behind the broad waiver view: that “[t]he overarching goal of waiver in such a case is to prevent a party from using the advice he received as both a sword, by waiving privilege to favorable advice, and a shield, by asserting privilege to unfavorable advice.”⁶⁹ But as to the second category of work product, the court was not overly concerned:

⁶⁵ *Echostar*, 448 F.3d at 1303. Note that, by stating that the second category is not discoverable, the court rejected the pure “broad waiver” view of many district courts, and by stating that the third category *is* discoverable, the court rejected the pure “narrow waiver” view of the district courts in the opposing camp. Thus, the Federal Circuit adopted a middle-ground position.

⁶⁶ *Id.*

⁶⁷ *See id.* (“Work-product waiver extends only so far as to inform the court of the infringer’s state of mind. . . . It is what the alleged infringer knew or believed, and by contradistinction not what other items counsel may have prepared but did not communicate to the client, that informs the court of an infringer’s willfulness.”)

⁶⁸ *Id.* at 1304.

⁶⁹ *Id.* at 1303. As to another rationale noted by some of the broad waiver district courts—the concern that counsel and clients may act collusively or engage in legal gamesmanship (see *supra* Part I.C.3)—the Federal Circuit was less receptive: “It may very well be true, as TiVo suggests, that at times some parties would communicate draft opinion letters or the contents thereof to the client confidentially in order to avoid disclosing that communication during potential discovery if and when the attorney-client privilege is waived, but we cannot eviscerate the legitimate policies of the work-product doctrine and chill the

There is relatively little danger that a litigant will attempt to use a pure mental impression or legal theory as a sword and as a shield in the trial of a case so as to distort the factfinding process. Thus, the protection of lawyers from the broad repercussions of subject matter waiver in this context strengthens the adversary process, and, unlike the selective disclosure of evidence, may ultimately and ideally further the search for the truth.⁷⁰

In allowing discovery of the third category of work product—“documents that discuss a communication between attorney and client concerning the subject matter of the case but are not themselves communications to or from the client”—the Federal Circuit effectively conceded that there is at least one kind of non-communicated work product that has enough probative value (as to the infringer’s intent) to outweigh the countering concerns and protections. The court provided an example of work product that could fall in this category: “if an attorney writes a memorandum or an e-mail to his associate referencing a phone call with the client, in which he indicates that he discussed the client’s potential infringement, then such a memorandum is discoverable.”⁷¹ The court’s opinion also gives a couple other clues as to what kind of work product does or does not fall in the discoverable third category: it must “reference[] a specific communication to the client[,]” and it need not “contain a substantive reference to what was communicated[.]”⁷²

III. REACTION OF THE DISTRICT COURTS: *ECHOSTAR*’S AFTERMATH

Less than a year after publication of the *Echostar* opinion, there have been more than fifteen cases where discovery issues caused district court judges to analyze the

principles of our adversary system as a whole on account of the possibility that, from time to time, there may be occurrences of ethical transgressions.” *Id.* at 1305.

⁷⁰ *Id.* at 1303 (quoting *In re Martin Marietta Corp.*, 856 F.2d 619, 626 (4th Cir. 1988)).

⁷¹ *Echostar*, 448 F.3d at 1304.

⁷² *Id.* To the extent that work product in the third category also contains some work product that falls under the second category (i.e., work product that was not communicated to the client *and* that does not refer to any such specific communication), the court relied on the fact that parties may redact what they produce, and the availability of in camera review. *Id.*

Federal Circuit’s reasoning. Generally, courts have appeared grateful for the guidance that *Echostar* provides.⁷³ Nevertheless, the post-*Echostar* decisions confirm that the Federal Circuit’s guidance was not completely clear—or, at least, was of very limited usefulness for district court judges faced with discovery disputes arising in related contexts.

Two splits have already begun to crystallize. One split relates to the precise meaning of “same subject matter,” as it pertains to the limitation on the scope of waiver for both attorney-client privilege and work product protection. The other centers on whether waiver of attorney-client privilege or work product protection extends to trial counsel.

A. “*Same Subject Matter*”

As explained in Part I.C, *supra*, the scope of both attorney-client privilege and work product protection largely turns on the meaning of the judicially recognized limiting phrase “same subject matter.” In the context of the advice of counsel defense, does waiver extend only to the defenses to patent infringement that were discussed in the relied-upon opinion? Or does waiver extend to other defenses to infringement, not mentioned in the relied-upon opinion but at issue in the litigation?

Suppose, for example, that Company D, producer of widgets, receives from Company P, the patentee, notice that the widgets infringe Company P’s patent claims. Concerned, Company D proceeds to hire a patent attorney who provides an opinion letter analyzing whether the widgets infringe Company P’s patent claims, and concluding that

⁷³ See, e.g., *Ampex Corp. v. Eastman Kodak Co.*, 2006 U.S. Dist. LEXIS 48702, at *7 (D. Del. July 17, 2006) (stating that the *Echostar* opinion “gives clear and helpful direction on th[e] difficult subject” of “scope of waiver of work product protection in the context of patent infringement cases involving an advice-of-counsel defense”).

they do not. Being thorough, Company D also hires patent attorneys to provide opinion letters analyzing whether Company P's patent claims are valid, and whether the patent as a whole is enforceable. Both of these later opinions conclude that the patent claims are likely both valid and enforceable. Because the first opinion gives Company D good reason to think that it does not infringe the claims of the patent (whether valid and enforceable or not), however, it continues to make its widgets.

Eventually, Company P sues for patent infringement, claiming that Company D infringed its patent claims, and that the infringement was willful. Company D raises defenses of non-infringement, invalidity, and unenforceability, and asserts that even if it did infringe the claims of a valid, enforceable patent, that infringement was not willful. To support its claim that it did not willfully infringe, Company D asserts that it reasonably relied on the advice of counsel—specifically, the opinion letter concluding that Company D's widgets did not infringe.

What scope of discovery is Company P entitled to? Clearly, by asserting reliance on an opinion directed to the infringement issue, Company D waived privilege as to that subject matter—i.e., any communications Company D received from patent counsel on the infringement issue would be construed as the “same subject matter.” But what about the other opinions Company D received? Is Company P entitled to access the opinions that only discuss the issues of invalidity and unenforceability?

Prior to *Echostar*, most district courts had limited waiver to the defense discussed in the relied-upon opinion.⁷⁴ The reasoning was clear: if you reasonably rely on an opinion as to only one defense, information you receive as to other, independent defenses

⁷⁴ See, e.g., *Akeva*, 243 F.Supp.2d 418 (M.D.N.C. 2003), *D.O.T. Connectors*, 2001 U.S. Dist. LEXIS 739 (N.D. Fla. 2001), *Nitinol Medical*, 135 F.Supp.2d 212 (D. Mass 2000), *Carl Zeiss Jena GMBH*, 2000 U.S. Dist. LEXIS 10044 (S.D.N.Y. 2000), *Micron*, 159 F.R.D. 361 (D. Mass. 1995).

would seem irrelevant to the willfulness issue. In the scenario above, for example, Company D’s reasonable belief that it did not infringe would make its beliefs as to validity and enforceability entirely irrelevant—whether or not the patents were valid and enforceable, Company D believed it had the right to continue producing its widgets.

However, in *Motorola v. Vosi Technologies*, Judge Matthew Kennelly of the Northern District of Illinois recognized that the situation might be different with respect to claim construction:⁷⁵

It is conceivable that [the alleged willful infringer] could have received an opinion of invalidity that was based on a very broad construction of the claims, while also receiving an opinion of non-infringement that was based on a narrower construction. In that hypothetical situation, knowledge of the narrower construction could cast doubt on the premise of the opinion of invalidity and thus could bear on whether it was reasonable for [the alleged willful infringer] to rely on that opinion.⁷⁶

In short, opinions as to one infringement defense could be relevant to (and significantly probative of) the infringer’s beliefs regarding other infringement defenses. In light of this realization, a broader definition of “same subject matter” might be desirable. In *Motorola*, a somewhat broader definition was indeed adopted, as Judge Kennelly held that the accused infringer’s choice to rely only on a validity opinion would require that it also “disclose all pre-suit communications of counsel on subjects other than validity insofar as they include a construction of the same patent or patents that are the subject of any validity opinion.”⁷⁷

While the *Echostar* opinion does not expressly address this aspect of scope of waiver, some district courts have tried to dissect the Federal Circuit’s language for

⁷⁵ “Claim construction” refers to the court’s interpretation of the language in the patent claim—a step which is required prior to determining whether claims are invalidated by prior art or infringed by the accused product. See MUELLER, *supra* note 6, at 226–37.

⁷⁶ *Motorola, Inc. v. Vosi Techs., Inc.*, 2002 U.S. Dist. LEXIS 15655, at **4–5 (N.D. Ill. Aug. 22, 2002).

⁷⁷ *Id.* at *5.

guidance on the matter. Their interpretations have not been uniform, however, and as a result the district courts have split on the issue.

1. Courts Restricting Waiver to the Defenses Analyzed in the Relied-Upon Opinion

Several district courts have, after *Echostar*, adopted the view that “same subject matter” extends only to the defense or defenses analyzed in the opinion that the accused infringer claims reliance on. While some courts have adopted this view without any analysis,⁷⁸ at least two have explicitly considered the issue in light of *Echostar*.

In *Indiana Mills & Manufacturing v. Dorel Industries*,⁷⁹ the Southern District of Indiana decided whether to broaden its discovery order that had been given prior to *Echostar*. As part of its earlier order, the court had restricted discovery to the issue of infringement, which was the only defense addressed in the relied-upon opinion.⁸⁰

Recognizing that the Federal Circuit in *Echostar* did not “squarely address[]” whether waiver encompasses defenses beyond that discussed in the relied-upon opinion, the court declined to reconsider its earlier order.⁸¹ Although the court withdrew its opinion two months later,⁸² the decision is relevant here insofar as it shows one judge’s interpretation of *Echostar* on the issue.

In *Autobytel v. Dealix*,⁸³ the Eastern District of Texas likewise noted that the Federal Circuit in *Echostar* “did not squarely address whether the waiver extends beyond

⁷⁸ See, e.g., *Computer Assocs. Int’l, Inc. v. Simple.com, Inc.*, 2006 U.S. Dist. LEXIS 77077 (D.N.Y. Oct. 20, 2006). In *Computer Associates*, the court simply noted that for waiver of attorney-client privilege, “same subject matter” consists only of “the validity of the patents in suit” (i.e., the defense addressed in the relied-upon opinion). *Id.* at *6, n.2.

⁷⁹ 2006 U.S. Dist. LEXIS 34023 (S.D. Ind. May 26, 2006), *opinion withdrawn in Indiana Mills & Mfg., Inc. v. Dorel Indus., Inc.*, 2006 U.S. Dist. LEXIS 47852 (S.D. Ind. July 14, 2006).

⁸⁰ *Indiana Mills & Mfg., Inc. v. Dorel Indus., Inc.*, 2006 U.S. Dist. LEXIS 45637, at **9–11 (S.D. Ind. Feb. 16, 2006).

⁸¹ *Indiana Mills*, 2006 U.S. Dist. LEXIS 34023, at *18.

⁸² *Indiana Mills & Mfg., Inc. v. Dorel Indus., Inc.*, 2006 U.S. Dist. LEXIS 47852 (S.D. Ind. July 14, 2006). The opinion was withdrawn because the court had been “under a misapprehension of the facts” of the case, mistakenly thinking “that Dorel had never sought additional opinions of counsel post-filing.” *Id.* at *1.

⁸³ 455 F.Supp.2d 569 (E.D. Tex. 2006).

the subject matter of the underlying opinion to include all defenses to willful infringement.”⁸⁴ Moreover, the court pointed out two reasons why *Echostar* implicitly supports a narrower view on this scope of waiver issue. First, the lower court in *Echostar* had limited waiver to the issue of non-infringement, which had been the subject matter of the relied-upon opinion.⁸⁵ Although “the Federal Circuit overturned and narrowed the lower court’s holding regarding work-product waiver, . . . it did not disapprove or explicitly broaden the lower court’s holding that scope of the waiver is defined by the subject matter of the underlying [relied-upon] opinion.”⁸⁶ Second, the Federal Circuit’s opinion cites to—and therefore, the *Autobytel* court seems to suggest, implicitly endorses the reasoning and holdings of—*Akeva LLC v. Mizuno Corporation*, which in turn “defined the ‘same subject matter’ as the subject matter of the underlying opinion.”⁸⁷

Having looked at what *Echostar* might say on the issue, the *Autobytel* court proceeded to further justify its conclusion. The court noted that only *one* reasonable belief (of non-infringement, invalidity, *or* unenforceability) is necessary to negate a finding of willfulness, and so an extension of “same subject matter” to include defenses beyond those in the relied-upon opinion would be of “limited utility.”⁸⁸ Moreover, “[b]alanced against this limited utility are the policies of the attorney-client communication privilege and work-product immunity: encouraging attorney-client communications and preventing parties from ‘piggybacking’ on each other’s work

⁸⁴ *Id.* at 574.

⁸⁵ *Id.* at 575.

⁸⁶ *Id.*

⁸⁷ *Id.* (citing *Akeva LLC v. Minuzo Corp.*, 243 F.Supp.2d 418, 423 (M.D.N.C. 2003)). As seen in Part III.B., *infra*, courts have also relied on the Federal Circuit’s citation, and apparent endorsement, of *Akeva* in support of arguments concerning other scope of waiver issues.

⁸⁸ *Autobytel*, 455 F.Supp.2d at 575.

product.”⁸⁹ Therefore, the court limited discovery to “potential infringement,” the subject matter of the accused infringer’s relied-upon opinion.⁹⁰

2. Courts Extending Waiver to Defenses Not Analyzed in the Relied-Up On Opinion

At least two post-*Echostar* courts have instead adopted the broader view on the issue, holding that waiver extends to patent infringement defenses that were not even addressed in the relied-upon opinion. Each looks to the *Echostar* opinion in support of its conclusion.

In *Intex Recreation v. Team Worldwide*,⁹¹ the District Court for the District of Columbia claimed that the language of the *Echostar* opinion requires “same subject matter” to include patent infringement defenses beyond those addressed in the relied-upon opinion. Specifically, the court pointed to two passages in the *Echostar* opinion. First, the court quoted the Federal Circuit’s statement that “when an alleged infringer asserts its advice-of-counsel defense regarding willful infringement of a particular patent, it waives its immunity for any document or opinion that embodies or discusses a communication to or from it concerning whether that patent is valid, enforceable, and infringed by the accused.”⁹² Read literally, this suggests that the subject matter of waiver extends to validity, enforceability, and infringement every time the advice of counsel defense it raised, regardless of the defenses discussed in the relied-upon advice.

Next, the court noted that the Federal Circuit referred to the relevant subject matter of waiver as the “subject matter of the *case*[.]”⁹³ In the district court’s view, the use of this language—rather than the “subject matter of the [relied-upon] *opinion*”—

⁸⁹ *Id.*

⁹⁰ *Id.*

⁹¹ 439 F.Supp.2d 46 (D.D.C. 2006).

⁹² *Id.* at 50 (quoting *Echostar*, 448 F.3d at 1304).

⁹³ *Id.* at 50 (quoting *Echostar*, 448 F.3d at 1302) (emphasis added).

indicated “that the Federal Circuit contemplated a broad waiver rather than the limited waiver envisioned by [the accused infringer].”⁹⁴ Based solely on this interpretation of *Echostar*, the court held that the accused willful infringer waived “attorney-client and work-product privileges ‘for any document or opinion that embodies or discusses a communication to or from it concerning whether [the asserted patent] is valid, enforceable, and infringed[.]’”⁹⁵

In *Kimberly-Clark v. Tyco Healthcare Retail Group*,⁹⁶ the Eastern District of Wisconsin claimed that *Echostar* “explicitly rejects” the narrower waiver view relating to “same subject matter.”⁹⁷ Like the court in *Intex*, the court pointed to the language in *Echostar* that waiver applies to “any document or opinion that embodies or discusses a communication to or from it concerning whether the patent is *valid, enforceable, and infringed* by the accused.”⁹⁸ Thus, the court held that the “same subject matter” included not only infringement (the subject matter of the relied-upon opinion), but also “whether [the patentee’s] patents are valid and enforceable.”⁹⁹

B. Extension to Trial Counsel

⁹⁴ *Intex Recreation*, 439 F.Supp.2d at 50.

⁹⁵ *Id.* at 51.

⁹⁶ 2007 U.S. Dist. LEXIS 5974 (E.D. Wis. Jan. 26, 2007).

⁹⁷ *Id.* at *4. In support of this statement the court only cited this general language from *Echostar*:

The client can waive the attorney-client privilege when, for instance, it uses the advice to establish a defense. . . . However, selective waiver of the privilege may lead to the inequitable result that the waiving party could waive its privilege for favorable advice while asserting its privilege on unfavorable advice. . . . In such a case, the party uses the attorney-client privilege as both a sword and a shield. . . . To prevent such abuses, we recognize that when a party defends its actions by disclosing an attorney-client communication, it waives the attorney-client privilege as to all such communications regarding the same subject matter.

Id. at **4–5 (quoting *Echostar*, 448 F.3d at 1301). Of course, this passage only begs the question of what constitutes “the same subject matter.”

⁹⁸ *Kimberly-Clark*, 2007 U.S. Dist. LEXIS 5974, at **2–3 (emphasis added) (quoting *Echostar*, 448 F.3d at 1304).

⁹⁹ *Kimberly-Clark*, 2007 U.S. Dist. LEXIS 5974, at *5.

The other major split after *Echostar*, which also reflects an area of disagreement prior to that decision, centers on whether waiver extends to trial counsel. While *Echostar* made clear that waiver can extend past the time that the pending lawsuit was filed,¹⁰⁰ it did not expressly discuss whether such post-filing waiver extends to trial counsel.¹⁰¹ Therefore, although the seemingly bright line rules created for the three categories of work product listed in *Echostar* would, if strictly applied, cover trial counsel just as much as opinion counsel, the Federal Circuit arguably did not foresee or intend such a result.

The issue is of critical importance.¹⁰² For example—returning to the illustration in Part III.A., *supra*—suppose that Company D, in order to stay in business, continues to produce its widgets throughout the course of litigation, and Company P therefore alleges that the willful infringement is ongoing.¹⁰³ After Company P filed its suit, Company D hires a firm (different than the firms that provided the opinion letters) to serve as trial counsel. Surely, Company D and its trial counsel will confer on all of the relevant issues, including the infringement defense discussed in the relied-upon opinion. Are these communications subject to discovery, even though they risk allowing Company P to discover Company D’s trial strategy? And what if, well into discovery, it begins to

¹⁰⁰ See note 64, *supra*.

¹⁰¹ Of course, it may be that trial counsel and patent counsel are one and the same. For more discussion of this issue, see Part III.B.2, *infra*.

¹⁰² The Federal Circuit has apparently realized this as well, having decided to consider the matter en banc in *In re Seagate Technologies*, 2007 U.S. App. LEXIS 2457 (Fed. Cir. Jan. 26, 2007). Briefing from the parties (as well as any amici) is to be directed towards three questions:

- (1) Should a party's assertion of the advice of counsel defense to willful infringement extend waiver of the attorney-client privilege to communications with that party's trial counsel? See *In re Echostar Commc'n Corp.*, 448 F.3d 1294 (Fed. Cir. 2006).
- (2) What is the effect of any such waiver on work-product immunity?
- (3) Given the impact of the statutory duty of care standard announced in *Underwater Devices, Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380 (Fed. Cir. 1983), on the issue of waiver of attorney-client privilege, should this court reconsider the decision in *Underwater Devices* and the duty of care standard itself?

Id. at **1–2.

¹⁰³ Because patent litigation can be lengthy, infringement throughout that time period can lead to large amounts of additional damages, particularly if the ongoing infringement is willful.

become clear that Company D has a good chance of losing on the issue of its non-infringement defense (the issue on which it had asserted reliance on advice of counsel)? Does Company D need to produce communications from its attorneys regarding this unwelcome prediction? After all, trial counsels' suggestion that the non-infringement defense is a loser could be highly probative in showing that Company D's continued belief of non-infringement is no longer reasonable, and that its ongoing infringement has therefore become willful.

Prior to *Echostar*, most but not all courts addressing the issue did extend waiver to trial counsel,¹⁰⁴ although many—realizing that the rationales behind the attorney-client privilege and work product protection take on more importance when dealing with trial counsel—limited that waiver in some way. Some courts based their holdings on the particular facts of the case,¹⁰⁵ while others used a more general rule that waiver only extends to trial counsel if the information is “inconsistent with or casts doubt on” the relied-upon opinions.¹⁰⁶

The *Echostar* opinion does implicitly set some boundaries on the trial counsel waiver issue. Because none would argue that trial counsel communications or work product are entitled to *less* protection than opinion counsel, trial counsel is at least entitled to the protections defined by the three categories laid out in *Echostar*. Therefore, at the very most, trial counsel waiver extends to matter comprising the “same subject matter” as the relied-upon opinion that either: 1) was communicated to the client; or 2) references a specific communication with the client.

¹⁰⁴ See note 39, *supra*.

¹⁰⁵ See, e.g., *Novartis Pharm. v. Eon Labs Mfg.*, 206 F.R.D. 396 (D. Del. 2002).

¹⁰⁶ See, e.g., *Beneficial Franchise v. Bank One N.A.*, 205 F.R.D. 212 (N.D. Ill. 2001).

But even beyond that, many district courts feel that *Echostar* gives guidance on this issue, despite the fact that the opinion did not concern discovery of trial counsel communications or work product. Unfortunately, those courts have interpreted that guidance in different ways, and are just as split on the issue as they were before *Echostar*. Most have decided that waiver does extend to trial counsel, although some have tempered their holdings with middle-ground approaches that place special limitations on discovery where trial counsel is involved.

1. Courts Restricting Waiver to Opinion Counsel

At least two district courts have explicitly held that waiver generally does not apply to work product protection or attorney-client privilege where trial counsel is concerned.¹⁰⁷ Both courts based their holding at least in part on the Federal Circuit’s reasoning in *Echostar*.

In *Indiana Mills & Manufacturing v. Dorel Industries*,¹⁰⁸ the Southern District of Indiana held that *Echostar*’s three categories of work product do not necessarily apply where trial counsel is concerned. While the court conceded that the “argument could have merit” that work product waiver does indeed extend to trial counsel, the overriding consideration was *Echostar*’s mandate that it perform “a balancing of the need for discovery with the need to protect attorney-client and work-product privilege

¹⁰⁷ In addition to the decisions discussed here, the Eastern District of Texas has at least implicitly adopted the view that trial counsel communications and work product are not subject to waiver. *See* *Autobytel, Inc. v. Dealix Corp.*, 455 F.Supp.2d 569 (E.D. Tex. 2006). In *Autobytel*, the patentee sought disclosure of communications between the alleged infringer and its in-house counsel. *See id.* at 575–76. The court held that waiver did not extend to communications where in-house counsel “acted as a mere conduit between trial counsel and [the accused infringer’s] employees,” because “[t]o hold otherwise would effectively allow discovery of trial-counsel communications and work product . . .” *Id.*

¹⁰⁸ 2006 U.S. Dist. LEXIS 34023 (S.D. Ind. May 26, 2006), *opinion withdrawn in* *Indiana Mills & Mfg., Inc. v. Dorel Indus., Inc.*, 2006 U.S. Dist. LEXIS 47852 (S.D. Ind. July 14, 2006). As noted in Part III.A.1., *supra*, the opinion is relevant here because it shows one court’s interpretation of the issue, even though the opinion was later withdrawn.

communications and/or documents[.]”¹⁰⁹ Because “no evidence that discovery of post-filing attorney-client privileged or work-product privileged documents would uncover anything contrary to the opinions provided prior to trial[,] . . . the information would be cumulative and its probative value would be outweighed by the policies protecting attorney-client privileged and work-product privileged information.”¹¹⁰ Thus, the court did not agree with the patentee’s contention “that the *EchoStar* case holds that the temporal scope of the waiver *always* extends post filing.”¹¹¹

In *Ampex v. Eastman Kodak*,¹¹² the District of Delaware discussed *Echostar*’s mostly uncontroversial holding that waiver applies to all attorney-client communications regarding the same subject matter (i.e., the first of the three categories enumerated by the Federal Circuit). Although that holding, applied strictly, would indicate that even communications with trial counsel (if pertaining to the same subject matter) would be discoverable, the *Ampex* court read the Federal Circuit’s holding as applying only to “opinions expressed in a manner comparable to the opinion that is disclosed[.]”¹¹³ Because that type of opinion (i.e., a formal opinion, such as an opinion letter) is not typically provided by trial counsel, communications with trial counsel would therefore generally not be discoverable. To hold otherwise, the court felt, would be “a wholesale revision of the historical understanding of the attorney-client privilege.”¹¹⁴

¹⁰⁹ *Indiana Mills*, 2006 U.S. Dist. LEXIS 34023, at *20.

¹¹⁰ *Id.* Significantly, this language suggests that the result would be different if the patentee could establish the likelihood that trial counsel communicated information to the client that would undercut its reasonable reliance on the opinion of patent counsel. Thus, this decision is perhaps more properly viewed as endorsing the “contradicts or casts doubt on” middle-ground approach adopted in some of the decisions discussed in Part III.B.2, *infra*.

¹¹¹ *Id.* (emphasis added).

¹¹² 2006 U.S. Dist. LEXIS 48702 (D. Del. July 17, 2006).

¹¹³ *Id.* at **8–9.

¹¹⁴ *Id.* at *10. The *Ampex* court was able to distinguish *Akeva LLC v. Mizuno Corp.*, 243 F.Supp.2d 418 (M.D.N.C. 2003), where the court did allow discovery of trial counsel communications, because the

2. Courts Extending Waiver to Trial Counsel

At least nine district courts have relied on the language of *Echostar* to extend waiver to include trial counsel. While some courts seem to hold that waiver generally applies to trial counsel as broadly as it applies to opinion counsel, others adopt a more limited scope of waiver where trial counsel is concerned. And while some courts employ lines of reasoning that recur with regularity, others craft their own, unique approach.

Several district courts rather summarily state that *Echostar* dictates that waiver applies to trial counsel, while avoiding any detailed analysis.¹¹⁵ Others come to the same conclusion but purport to show how the *Echostar* opinion leads to that result. A commonly employed line of reasoning points to one of the Federal Circuit’s statements: “[W]hen Echostar chose to rely on the advice of in-house counsel, it waived the attorney-client privilege with regard to any attorney-client communications relating to the same subject matter, including communications with *counsel other than in-house counsel*”¹¹⁶ In support of that statement, the Federal Circuit cited to the district court opinion in *Akeva v. Mizuno*,¹¹⁷ using the “see” signal.¹¹⁸

Akeva, in turn, had extended waiver to trial counsel, stating that:

because infringement is a continuing activity, the requirement to exercise due care and seek and receive advice is a continuing duty. Therefore, once a party asserts the defense of advice of counsel, this opens to inspection the advice received during the entire course of the alleged infringement.

accused infringer in that case had expressly relied on the opinion of trial counsel. *Ampex*, 2006 U.S. Dist. LEXIS 48702, at *11.

¹¹⁵ See, e.g., *Iridex v. Synergetics*, 2007 U.S. Dist. LEXIS 7747, at **2–3 (E.D. Mo. Feb. 2, 2007) (stating only “I conclude that this result is required by the Echostar decision itself”); *Outside the Box Innovations v. Travel Caddy*, 455 F.Supp.2d 1374 (N.D. Ga. 2006); *Affinion Net Patents v. Maritz*, 440 F.Supp.2d 354, 356 (D. Del. 2006) (merely stating that, under *Echostar*, “[w]hen a defendant asserts the advice-of-counsel defense, the attorney-client privilege is waived as to communications with all counsel related to the same subject matter.”).

¹¹⁶ *Echostar*, 448 F.3d at 1299 (emphasis added).

¹¹⁷ 243 F.Supp.2d 418 (M.D.N.C. 2003).

¹¹⁸ *Echostar*, 448 F.3d at 1299.

Consequently, the waiver of attorney-client privilege or work product protection covers all points of time, including up through trial. The waiver also is not limited to the advice given by opinion counsel. Since the waiver encompassed the subject matter of advice, that means that all opinions received by the client must be revealed, *even those opinions that the client receives from attorneys other than opinion counsel*. . . . The totality of the circumstances test requires that all knowledge gained by the infringer relating to the advice subject matter must be revealed so that the factfinder can make its own determination as to whether the reliance was reasonable.¹¹⁹

Therefore—the argument goes—the Federal Circuit adopted the above reasoning of the *Akeva* opinion, and tacitly endorsed the view that waiver extends to trial counsel.¹²⁰

In deciding whether to extend waiver to trial counsel, some district courts have been faced with the situation where trial counsel and opinion counsel are one and the same (or at least, from the same law firm). The situation is not too uncommon—one can see how a client may be tempted to turn to a trusted attorney or firm to satisfy both its patent opinion work and its patent litigation work—but it may nonetheless be unwise due to the problems that it can create in willful infringement cases.¹²¹ While a couple courts seem to have considered such a circumstance to be irrelevant to the waiver question,¹²² others have expressly factored it into their reasoning.¹²³

¹¹⁹ *Akeva*, 243 F.Supp.2d at 423 (emphasis added).

¹²⁰ This argument was set forth by the district courts in *Informatica v. Business Objects Data Integration*, 2006 U.S. Dist. LEXIS 58976 (N.D. Cal. Aug. 9, 2006), *Beck Systems v. Managesoft*, 2006 U.S. Dist. LEXIS 53963 (N.D. Ill. July 14, 2006), and *Computer Associates International v. Simple.com*, 2006 U.S. Dist. LEXIS 77077 (E.D.N.Y. Oct. 20, 2006).

¹²¹ Where trial counsel and opinion counsel are the same—or at least have contact with each other—it becomes more difficult to distinguish between what communications and work product relate to each of those two roles. Moreover, the danger increases that an opinion may be crafted in such a way as to be most helpful to the infringing party's case during litigation. Therefore, fairness principles suggest that trial counsel should be subject to broader waiver in that situation.

¹²² *See, e.g.*, *Affinion Net Patents v. Maritz*, 440 F.Supp.2d 354 (D. Del. 2006); *Informatica v. Business Objects Data Integration*, 454 F.Supp.2d 957, 965 (N.D. Cal. 2006) (“Under the analysis in *Echostar*, it is immaterial whether [the accused infringer's] opinion counsel and trial counsel are from the same firm, different firms or are even the same person.”).

¹²³ *See, e.g.*, *Celerity v. Ultra Clean Holdings*, 2007 U.S. Dist. LEXIS 18307 (N.D. Cal. Feb. 28, 2007); *Genentech v. Insmad*, 442 F.Supp.2d 838 (N.D. Cal. 2006); *Intex Recreation v. Team Worldwide*, 439 F.Supp.2d 46 (D.D.C. 2006).

Not all courts adopting the broad waiver view after *Echostar* have applied a bright-line rule that waiver extends to trial counsel,¹²⁴ and at least three different “middle ground” approaches have been employed. One such approach pre-dates *Echostar*: waiver extends to trial counsel only where the information “contradicts or casts doubt on” the relied-upon opinions. In *Intex Recreation v. Team Worldwide*,¹²⁵ the magistrate judge of the District Court for the District of Columbia had ordered discovery based on the test. Noting that *Echostar* did not involve *trial* counsel, the *Intex* court looked instead to its own precedent: in *Intex Recreation v. Metalast*,¹²⁶ the district court had concluded that “a ‘middle ground’ is the most appropriate approach to this issue, under which waiver extends only to those trial counsel work product materials that have been communicated to the client and ‘contained conclusions or advice that contradict or cast doubt on the earlier opinions.’”¹²⁷ Such an approach rests on the assumption that the patentee has no legitimate need for information that is wholly consistent with, and thus merely reinforces, the relied-upon opinions.¹²⁸ Therefore, fairness concerns favoring discovery diminish, and are outweighed by the enhanced importance of the attorney-client privilege and work product where trial counsel is concerned.

¹²⁴ Note that, even among those courts that do apply such a bright line rule, a patentee’s attorneys are not granted unfettered access to their opponents’ communications or work product. *See, e.g., Outside the Box*, 455 F.Supp.2d at 1379 (allowing the accused infringer to “redact any information that it considers solely related to trial strategy”).

¹²⁵ 439 F.Supp.2d 46 (D.D.C. 2006).

¹²⁶ 2005 U.S. Dist. LEXIS 10149 (D.D.C. Mar. 2, 2005).

¹²⁷ *Id.* at **14–15 (quoting *BASF Aktiengesellschaft v. Reilly Industries*, 283 F.Supp.2d 1000, 1006 (S.D. Ind. 2003)). Other district courts have, post-*Echostar*, expressly rejected this approach. *See Genentech*, 442 F.Supp.2d at 846–47 (noting “practical problems” with the approach); *Beck*, 2006 U.S. Dist. LEXIS 53963, at **17–20 (holding that *Echostar* eliminates the “contradicts or casts doubt on” limitation on waiver as it applies to trial counsel).

¹²⁸ *See, e.g., Micron Separations, Inc. v. Pall Corp.*, 159 F.R.D. 361, 365 (D. Mass. 1995).

A second middle ground approach was employed in *Iridex v. Synergetics*.¹²⁹ In *Iridex*, the Eastern District of Missouri extended waiver to trial counsel, *except* where advice of trial counsel was “given solely for the purpose of considering settlement options.”¹³⁰ By protecting that class of information, the court was the first to consider “the public policy favoring the compromise and settlement of disputes[.]”¹³¹

A third middle ground approach was employed by the Northern District of California in *Genentech v. Insmad*.¹³² The case is noteworthy both for its detailed critique of other approaches, and for its well-intentioned attempt to fashion a more satisfactory test. In *Genentech*, the court first looked at the “threshold question” of whether any evidence suggests that the accused infringer “relied on the advice of trial counsel in deciding to launch the accused product.”¹³³ The court found “no direct evidence” of such reliance, but “strong circumstantial evidence” involving “the timing of the release of the accused product.”¹³⁴ In particular, the accused infringer did not launch its product until nearly a year and a half after the lawsuit had been filed.¹³⁵ Given that timing, the court believed that “the views of trial counsel on the strengths and weaknesses of Defendants’ positions on infringement and invalidity were likely considered by Defendants before they released the [infringing] product.”¹³⁶ Moreover, the defendants “at no point . . . den[ie]d that they relied on the views and advice of [the] trial team on the issues of

¹²⁹ 2007 U.S. Dist. LEXIS 7747 (E.D. Mo. Feb. 2, 2007).

¹³⁰ *Id.* at *3.

¹³¹ *Id.* at *4.

¹³² 442 F.Supp.2d 838 (N.D. Cal. 2006).

¹³³ *Id.* at 842. Although the court stated that reliance on the advice of trial counsel may not be a *necessary* condition for satisfying the threshold question, it did treat such reliance as a *sufficient* condition. *Id.*

¹³⁴ *Id.* at 842–43.

¹³⁵ *Id.* at 843.

¹³⁶ *Id.*

infringement and invalidity in deciding to launch the accused product.”¹³⁷ And finally, the “Defendants [did] not appear to have solicited the advice of . . . opinion counsel as to whether the release of the product was advisable[,]” which suggests that “Defendants considered input from trial counsel during this crucial time period.”¹³⁸

In addition to the evidence relating to timing of the accused product, the court pointed to the fact that the law firm serving as trial counsel had also served as opinion counsel.¹³⁹ Although the defendants claimed that trial counsel was “walled off” from opinion counsel, the court pointed to evidence that “suggest[s] that the wall between opinion and trial counsel was not impenetrable[,]” and that “[t]here was at least some overlap and communication between the two.”¹⁴⁰

Having found the threshold showing to be satisfied, the court proceeded to determine “whether such a waiver is appropriate in view of policy considerations and, if so, what the scope of that waiver should be.”¹⁴¹ The court found that the Federal Circuit’s insistence on carefully weighing the policy considerations on both sides of the issue—the rationales underlying attorney-client privilege and work product protection on the one hand, and fairness concerns to the patentee on the other—required it to “eschew[] the extreme approaches of finding no waiver or complete waiver[,]” and to instead employ “[a] more refined balance[.]”¹⁴²

The *Genentech* court rejected the middle ground approach in which waiver only extends to trial counsel communications that “contradict or cast doubt on” the relied-upon

¹³⁷ *Id.* The court noted that “[h]ad trial counsel claimed that it never provided any comments on the likelihood of success, the Court would be hard pressed to find such testimony credible.” *Id.* at 843 n.4.

¹³⁸ *Id.* at 843.

¹³⁹ *Id.* at 843–44.

¹⁴⁰ *Id.* at 844.

¹⁴¹ *Id.*

¹⁴² *Id.* at 846.

opinions.¹⁴³ The court listed three examples of what it believed were significant “practical problems” with that approach:

- 1) What constitutes sufficient doubt that makes disclosure necessary?
- 2) Although trial counsel is an officer of the court, can trial counsel be trusted to make the unilateral decision of what contradicts or casts doubt on the advice of opinion counsel—particularly, when trial counsel is still an advocate and is deciding whether its own advice should be disclosed? . . . Even if trial counsel can be trusted, must trial counsel review each and every single document given to the client or which discusses a communication with the client? And even if, in general, trial counsel can be trusted, there are still likely to be grey areas as to whether certain disclosures should be made, in which case must the court intervene and review each such document in camera even if it is only marginally probative?
- 3) How would the middle ground approach apply in the context of depositions of the trial counsel or client?¹⁴⁴

Having dispensed with that approach, the court offered its own:

Waiver of trial counsel communication with the client should apply to documents and communications that are most akin to that which opinion counsel normally renders—i.e., documents and communications that contain opinions (formal or informal) and advice central and highly material to the ultimate questions of infringement and invalidity (the subject matter of the advice given by . . . opinion counsel).

While this approach would include the most significant opinions and views expressed by trial counsel to Defendants (upon which a reasonable inference of reliance may be drawn), it would exclude lower level documents and communications that are more akin to discussions of trial strategy. . . . Only that advice and work product of trial counsel that is reasonably central to that decision—and which presumably would carry the same kind of weight that advice from opinion counsel normally would—is waived.¹⁴⁵

The court also offered examples and guidance on how its approach might be applied:

. . . For instance, a communication about the likelihood of success on infringement in light of the venue and probably jury pool is of central

¹⁴³ *Id.*

¹⁴⁴ *Id.* (citations omitted). The court also expressed doubt that the accused infringer even benefits by withholding evidence that is consistent with its relied-upon opinion. *See id.* at 846–47.

¹⁴⁵ *Id.* at 847.

materiality to the ultimate question of infringement, and should therefore be produced. However, a discussion about the tactics of jury selection, the theme of the opening statement to the jury, etc. should not be disclosed. Likewise, predictions about how the judge will construe key claims and their impact on the outcome of the case should be produced, but discussions about which arguments should be made to the judge should not. The dividing line revolves around the degree of materiality to the client's decision to launch the accused product (and continue its sale). . . .

In this regard, all other things being equal, any negative opinions or views of trial counsel should be presumed to have a higher degree of materiality since one would expect the client would pay particularly close attention to such negative advice. Nonetheless, the degree of materiality to the ultimate question of invalidity or infringement would still have to be assessed even as to these negative communications. Thus, for instance, a report on a deposition that states a favorable deponent was not as helpful as hoped would likely not be producible, unless the deponent were a key witness testifying on a potentially dispositive matter such that the testimony would likely have a central and material effect on the outcome of the case.¹⁴⁶

IV. RECONSIDERING SCOPE OF WAIVER, POST-*ECHOSTAR*

As illustrated by the cases discussed above, district courts have varied considerably in their interpretations of *Echostar*. While many read *Echostar* to mandate a particular result regarding the meaning of “same subject matter,” or regarding whether waiver applies to trial counsel, many others recognize that the opinion does not directly address those situations, and that it therefore provides only limited guidance. Even those courts in the latter category, however, tend to cite extensively to and rely upon the broader principles set forth in the *Echostar* decision.

¹⁴⁶ *Id.*

Those broad principles can indeed be applied to both of the waiver issues focused on here. They do not, however, clearly mandate any particular result. Nonetheless, careful weighing of the circumstances under which the waiver issues arise, set against the backdrop of the principles set forth in *Echostar*, recommends particular approaches which may be utilized by the district courts.

A. *Limits of the Echostar Opinion*

In *Echostar*, the Federal Circuit provided “rules” for three categories of work product in an effort to provide clear guidance on one narrow issue: whether work product regarding the same subject matter must be communicated to the client in order to be discoverable.¹⁴⁷ The court did *not* determine, or attempt to determine, whether waiver extends to infringement defenses not discussed in the relied-upon opinion. It is true, as the *Autobytel* court noted, that the Federal Circuit did not disturb the lower court’s ruling insofar as the lower court had limited waiver to the defense (non-infringement) discussed in the relied-upon opinion. However, the accused infringer did not challenge that aspect of the discovery order on appeal, and thus the issue was not before the court.

Nor does the *language* of the Federal Circuit’s opinion implicitly endorse the broad waiver view on this issue. In summarizing its discovery rules for the three work product categories, the court did state: “Therefore, when an alleged infringer asserts its advice-of-counsel defense regarding willful infringement of a particular patent, it waives its immunity for any document or opinion that embodies or discusses a communication to or from it concerning whether that patent is valid, enforceable, and infringed by the accused.”¹⁴⁸ This particular use of language, relied on by the district courts in *Intex* and

¹⁴⁷ See *supra*, Part II.

¹⁴⁸ *Echostar*, 448 F.3d at 1304.

Kimberly-Clark, is admittedly unfortunate. Read and applied literally, it would broadly apply waiver to the three referenced defenses (invalidity, unenforceability, and non-infringement) regardless of which defenses were analyzed in the relied-upon opinion. Reading the passage in context, however, clearly shows that the Federal Circuit did not intend for it, a mere summary of its previous discussion, to add any new holdings to the decision.¹⁴⁹ Moreover, the court surely would have tried to make plain that it was establishing such a holding, were that the case—and would have supported it with at least some modicum of reasoning.

The *Echostar* court likewise made no effort to determine whether waiver extends to trial counsel. As discussed in Part III.B.2, *supra*, the courts in *Informatica*, *Beck*, and *Computer Associates* all made much of the fact that *Echostar* cited favorably to *Akeva*, which in turn had extended waiver to trial counsel. However, as noted by the district court in *Ampex*, the accused infringer in *Akeva* had alleged reliance on the advice of *trial* counsel; in other words, trial counsel *was* opinion counsel.¹⁵⁰ Thus, *Akeva* did not necessarily hold that waiver extends beyond opinion counsel. Even if one takes the Federal Circuit’s citation of *Akeva* to be a wholesale adoption of that case’s holdings, then, little light is shed on the trial counsel waiver issue.

The guidance provided in *Echostar* is therefore limited. It also suffers in that it presents district courts with a deceptively simple set of discovery rules. The three “bright line” categories at first appear to be amenable to straightforward application. However, the Federal Circuit undercut the practical utility of its guidance when it attached a

¹⁴⁹ As the *Autobytel* court recognized, the Federal Circuit merely “summarized its separate holdings regarding attorney-client communications and work-product waiver in broad terms” 455 F.Supp.2d 569, 574 (E.D. Tex. 2006).

¹⁵⁰ *Akeva L.L.C. v. Mizuno Corp.*, 243 F.Supp.2d 418, 419–20 (M.D.N.C. 2003).

footnote stating that it “by no means anticipate[s] that all work product in every case will fit into one of these three categories.”¹⁵¹ This seemingly innocuous statement represents a necessary acknowledgment that waiver cases are intensely fact-specific. Indeed, without that caveat district courts might, at least in unusual situations, be required to craft discovery orders that are plainly unfair. Nonetheless, it serves to erase the bright lines between the Federal Circuit’s three categories.

The import of the Federal Circuit’s footnoted statement becomes clear when considering that the three *Echostar* categories represent the entire universe of work product. That is, work product necessarily must be either: 1) communicated to the client; 2) not communicated to the client but referencing a specific communication; or 3) not communicated to the client and not referencing a specific communication. No work product could logically fall outside those three categories. Therefore, the court’s acknowledgement that other situations may arise, with different outcomes regarding whether waiver applies, implies that there are unspecified *exceptions* to the three categories. Therefore, the categories do not truly represent bright line rules, and district courts should *always* balance the policy concerns noted in *Echostar* on a case by case basis.

Of course, uncomplicated factual scenarios may often arise where district courts can apply the *Echostar* categories in a straightforward fashion. To that extent, the opinion is indeed useful. If district courts are too quick to rely on the bright line rules, however, unfair situations may arise. This state of affairs has come to pass already, as indicated by

¹⁵¹ *Echostar*, 448 F.3d at 1303 n.3.

the blind application of the *Echostar* categories in cases such as *Affinion Net*, *Outside the Box*, and *Iridex*.¹⁵²

B. *Suggested Approaches to Waiver Issues*

Despite *Echostar*'s lack of detailed guidance, its principles may be applied to craft general discovery rules that are both fair and practical. *Echostar* reaffirms the need for a careful balance between: 1) a concern for fairness to patentees, who should not be subject to the “sword and shield” litigation tactics of selective waiver by their opponents; and 2) the rationales underlying the attorney-client privilege and work product protection. Practical considerations—discussed to some extent by the *Genentech* court, but little mentioned in *Echostar*—must also play a large role if the theoretical goals of that balancing are to be realized.

1. “Same Subject Matter”

As seen in Part III.A, *supra*, courts have tended to analyze the “same subject matter” aspect of waiver in terms of which patent infringement defenses are encompassed. Most courts either restrict waiver to matter concerning defenses analyzed in the relied-upon opinions, or extend waiver to matter concerning validity, enforceability, and infringement regardless of which defenses the relied-upon opinions discussed. The latter view seems unwarranted. As noted in *Autobytel*, the accused infringer’s belief as to only *one* of the defenses is sufficient to negate willfulness.¹⁵³ But as the *Motorola* court recognized prior to *Echostar*, analysis of one defense may be

¹⁵² See *supra*, Part III.B.2.

¹⁵³ See *supra* note 13.

relevant to another: for example, claim construction performed within a validity analysis may well be highly relevant to the issue of infringement.¹⁵⁴

The *Motorola* court’s solution represents a reasonable balance between fairness to the patentee and practical considerations. There, the court extended “same subject matter” to include advice given by counsel regarding other infringement defenses, but only to the extent that the advice involved claim construction issues.¹⁵⁵ Claim construction does seem to be, by far, the most likely area of overlap between infringement defenses.¹⁵⁶ The *Motorola* approach also benefits from that fact that it provides a clear rule, and thus tends to remove the accused infringer from the role of “gatekeeper” (i.e., the role of making unilateral judgment calls as to whether materials are relevant or not relevant to the defense in the relied-upon opinion).

One could, however, conceive of unusual scenarios where the advice given on one defense is relevant to a different defense, even where claim construction is *not* discussed. As one example, a validity analysis could discuss whether the patent satisfies the “best mode” requirement.¹⁵⁷ Because the best mode requirement involves an inquiry into the good faith of the applicant and the disclosures made to the Patent & Trademark Office, the relevant facts could also be probative of whether the applicant fraudulently procured its patent—which in turn is directly relevant to whether the patent is enforceable.¹⁵⁸

¹⁵⁴ See *supra* Part III.A.

¹⁵⁵ *Motorola, Inc. v. Vosi Techs., Inc.*, 2002 U.S. Dist. LEXIS 15655, at **4–5 (N.D. Ill. Aug. 22, 2002).

¹⁵⁶ This is at least true with respect to the defenses of non-infringement and invalidity, which both directly depend on how the court construes the patent claim language.

¹⁵⁷ 35 U.S.C. § 112 requires that the patent applicant disclose to the PTO the best mode of practicing the invention that is known to him or her at the time the application is filed.

¹⁵⁸ A patent is unenforceable where the patentee procured the patent through “inequitable conduct” before the PTO, a defense which requires showing that the patentee omitted or misrepresented material information to the PTO with the intent to deceive. See MUELLER, *supra* note 6, at 282–87.

Still, such situations are probably relatively uncommon, and are outweighed by the clarity advantage of the *Motorola* approach as discussed above. And although one might envision many different scenarios where analysis of one defense is relevant to another defense, courts should not be overly concerned if the patentee does not gain access to such material. Legal theories of relevance are often irrelevant to the issue of whether reliance on advice of counsel was reasonable. As explained by the Federal Circuit in *Ortho Pharmaceutical v. Smith*, the importance of an opinion of counsel in determining willfulness “does not depend upon its legal correctness.”¹⁵⁹ The question is only whether the opinion could “instill a belief in the infringer that a court might reasonably hold the patent is invalid, not infringed, or unenforceable.”¹⁶⁰ A layperson could not reasonably be expected to know the ins and outs of patent law, nor to extensively study and compare the advice of counsel on different infringement defenses in an effort to see if they are consistent. Therefore, any legal relation between the analyses underlying the different infringement defenses would not be very probative of the infringer’s willfulness.¹⁶¹

To allay any fears that patentees may be barred from access to highly probative opinions in more uncommon situations, the extension of waiver to other infringement defenses only where claim construction is concerned could be set up as a presumption

¹⁵⁹ 959 F.2d 936, 944 (Fed. Cir. 1992).

¹⁶⁰ *Id.*

¹⁶¹ This justification is not as heavily implicated where claim construction is concerned. Claim construction only involves the interpretation of words in the patent claims, and no legal expertise is required in order to understand its significance to a non-infringement or invalidity defense. For example, if an opinion on validity construed the claim word “into” to mean “making contact with,” whereas three other opinions on infringement all construed the word to mean “physically entering,” then the first claim construction should be suspect. If the first opinion had concluded that the patent claim was invalid based on a prior art reference that satisfied the former definition of “into” but not the latter definition, then even a layperson should realize that the validity opinion is not reliable. As a result, the extension of waiver to analyses of claim construction is appropriate.

rather than a hard and fast rule. Where the patentee has information sufficient to make a showing to the court that advice given on other defenses would likely be particularly probative, the court could conduct an *in camera* review of those materials to see if the presumption has been rebutted. With the addition of this presumption, the *Motorola* approach represents a satisfactory trade-off between fairness principles and practical considerations.

2. Extension to Trial Counsel

Mere recitation of the competing considerations in the balancing mandated by *Echostar*—fairness to the patentee versus the rationales underlying attorney-client privilege and work product protection—gives little guidance in laying down precise discovery rules concerning trial counsel. However, the attorney-client privilege and work product protection rationales clearly take on greater weight where trial counsel is concerned rather than opinion counsel. Moreover, the dire ramifications of a broad waiver view suggest that a narrow waiver view is generally more appropriate.

The attorney-client privilege’s concern with enabling better judicial administration (by encouraging full and frank disclosure between attorney and client) becomes more critical in the context of a judicial proceeding, as opposed to the situation where opinion counsel is typically involved and no judicial proceedings are necessarily underway.¹⁶² Applying waiver of privilege to trial counsel (even if waiver is limited to “opinion-type” advice) would give trial counsel a powerful incentive to avoid giving the client any meaningful status updates on how the case is progressing—at least, where the

¹⁶² Of course, *anticipation* of litigation can serve to temper the openness of attorney-client communications, even in the opinion counsel context. But the relatively minor concerns on that front should be counteracted by the need and motivation of clients to get candid advice so that they can proceed to make financial investments and other commitments with some level of certainty.

feedback is negative—and would therefore create an impediment to settlement and cause a waste of judicial (and the client’s) resources.¹⁶³

The work product protection goal of preventing attorneys from prying into their adversary’s thought processes also takes on a far greater importance in the litigation setting.¹⁶⁴ Where waiver applies to trial counsel, the patentee is granted access to information that reflects in some way its adversary’s strategy. Conversely, work product of opinion counsel does not even arise in an adversarial setting. Indeed, a patent attorney providing an opinion has a duty *not* to form that opinion based on possible litigation strategies rather than a neutral analysis of the relevant facts.

Moreover, extending waiver to trial counsel places huge pressures on the accused infringer. As soon as trial counsel says the case is starting to look bad (and how bad is “bad”?), the client must decide to give up litigation or else risk willful infringement (and enhanced damages from that point forward). This would be a nearly impossible call to make in mid-litigation, and might lead to parties bowing to pressure without having had a chance to fully and fairly press their arguments in court.¹⁶⁵

¹⁶³ Although the court in *Iridex* would avoid this result by protecting trial counsel advice “given solely for the purpose of considering settlement options[.]” 2007 U.S. Dist. LEXIS 7747, at *3 (E.D. Mo. Feb. 2, 2007), that discovery order would not seem to create a very practical rule. The accused infringer’s trial counsel would be required to act as gatekeeper on deciding what advice he or she gave the client “solely for the purpose of considering settlement options.” Trial counsel would be sorely tempted to put most advice into this protected category—after all, isn’t a trial attorney’s advice, on some level, *always* given in order to consider whether to settle or instead press on in litigation?

¹⁶⁴ The work product protection rationale of preventing free-riding on the adversary’s labors, however, is not necessarily implicated to a much greater extent than where opinion counsel is concerned.

¹⁶⁵ This result would also implicate a more general policy concern. Any additional incentive for the accused infringer to drop its case (including, often, a declaratory judgment counterclaim of invalidity and/or unenforceability) would undercut vigorous challenges to the validity and enforceability of patents—at least, in situations where the subject matter of the relied-upon opinion was validity and/or enforceability. This contravenes the strong public policy in favor of challenging “unworthy” patents. *See* Cardinal Chemical Co. v. Morton Int’l, Inc., 508 US 83 (1993); *Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found.*, 402 US 313 (1971).

As a related concern, extension of waiver to trial counsel puts litigating attorneys between a rock and a hard place. Rules of professional responsibility require that attorneys keep their clients well-informed. At the same time, trial counsel of course has a duty not to sabotage its client's interests. The former duty requires that trial counsel inform the client of any significant problems with the case, including likelihood of infringement, validity, and enforceability of the asserted patent claims. The latter duty requires that trial counsel not divulge any information to the client that would make continuance of the client's activities "willful." How is trial counsel expected to respond to these conflicting pressures?

When properly balancing these concerns, courts should almost always find that waiver—whether of attorney-client privilege or work product protection—does not extend to trial counsel. There will, however, be situations where fairness concerns take on greater weight, and require that waiver expand to include trial counsel advice. Examples might include situations where the infringer is expressly relying upon the advice of trial counsel for its defense, where trial counsel and opinion counsel are the same, or where there otherwise exists evidence that trial counsel and opinion counsel may have colluded to prepare a litigation-friendly opinion. To accommodate such situations, an approach similar to the "threshold question" of *Genentech*¹⁶⁶ may be most appropriate: while the court would apply a presumption that trial counsel documents and communications are protected from discovery, it could also examine the evidence brought to light during the discovery process up to that point. Only if it determines that the evidence shows that the infringer likely relied on the advice of trial counsel—or shows any other circumstances

¹⁶⁶ See *supra* Part III.B.2.

that might indicate that broader waiver is appropriate—would the court even consider whether waiver should extend to trial counsel.

This approach would also benefit in being relatively easy to apply: barring a showing such as that required in *Genentech*, the presumption dictates that waiver does not apply to trial counsel, period. Conversely, middle ground approaches that attempt to allow some amount of discovery in regards to trial counsel, while still drawing the lines with some degree of definiteness, tend to be less than satisfying. The “contradicts or casts doubt on” test suffers from the practical difficulties enumerated by the court in *Genentech*.¹⁶⁷ Moreover, *Genentech*’s own test—that discovery be allowed for “documents and communications that contain opinions (formal or informal) and advice central and highly material to” the subject matter of the relied-upon opinions¹⁶⁸—suffers from some of the very same infirmities. Requiring trial counsel to determine which bits of its advice it must disclose, i.e., which advice was “central and highly material to” the subject matter addressed in advice the client had received from opinion counsel, is hardly any more reassuring than requiring trial counsel to determine whether any of its advice “contradicts or casts doubt on” the relied-upon opinion.

CONCLUSION

That the Federal Circuit in *Echostar* provided only very limited guidance on waiver issues under the advice of counsel defense should not be surprising, considering the highly fact-intensive nature of discovery disputes. Nevertheless, many district courts have attempted to wring additional holdings from the opinion, with inconsistent results.

¹⁶⁷ See *supra* Part III.B.2.

¹⁶⁸ *Genentech*, 442 F.Supp.2d at 847.

Only *Echostar*'s general principles provide any real guidance for resolving the kinds of discovery disputes those courts were confronted with.

Practical considerations and fairness concerns recommend the use of a presumption that would generally limit the “same subject matter” scope of waiver to the infringement defense analyzed in the relied-upon opinion, as well as any analysis of claim construction contained in advice pertaining to other infringement defenses. Moreover, application of *Echostar*'s general principles, as well as consideration of the ramifications of a broad waiver view, suggest that a high level of protection for the communications and work product of trial counsel is almost always appropriate. Only where discovery has already revealed specific facts tending to show that the infringer relied on the advice of trial counsel—or tending to show other situations that would make it particularly unfair to exclude trial counsel communications from discovery—should a court revisit the detailed balancing of competing principles to determine whether to extend waiver to trial counsel.